

# Ya Masa Junior Fund

Fund Factsheet | 30<sup>th</sup> June 2021



## Fund Objective

The Fund aims to provide long-term capital growth by investing in a diversified range of assets. It has a moderately high-risk profile and a seven-year lock-in period which caters for investors with a long-term investment horizon who are comfortable with accepting some degree of risk and volatility for some degree of growth.

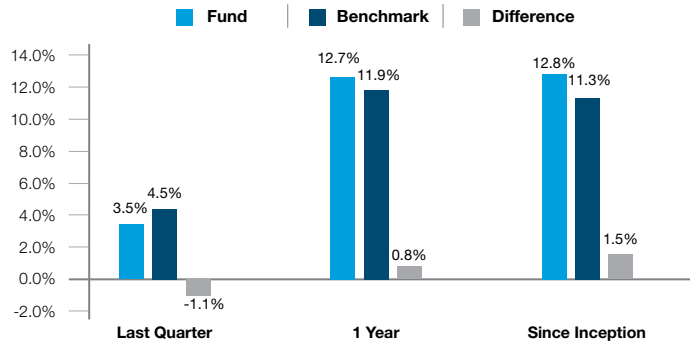
## Strategy

The Bifm Ya Masa Junior Fund is a multi-asset fund that invests in local and offshore equities, bonds, property, and money market instruments.

## Why Choose This Fund?

The fund is suitable for the investor with a moderately high-risk profile who wishes to hold investments over a long-term horizon and generate long-term capital growth. This fund is best suited for individuals who wish to save and invest for the long term in their individual capacity or on behalf of their children.

## Performance



Over the second quarter of 2021, the Fund returned 0.72% significantly outperforming the benchmark return of 0.19%. On a 12-month basis, the Fund returned 2.33%, an outperformance of 145 basis points over the benchmark which returned 0.88% for the same period.

## Performance Commentary

Over the quarter, banking sector liquidity began to show signs of cracks following a protracted period of strength. This was evidenced by an increase in the number of opportunities that presented themselves from the banking sector over the quarter as we were able to rollover maturities at higher rates, thus the fund benefitted from this.

The decline in the market liquidity follows an extended period in which the central bank has been raising funds through bond auction at higher levels than previously seen locally. This is all in a bid to fund the government's effort against the COVID-19 disease. Despite the decline however, overall market liquidity remains steadfast as banks are adequately capitalized and the central bank has indicated that it stands ready to provide support to the sector through monetary policy.

## Market Overview & Strategy

At the meeting held on the 17th of June 2021, the Monetary Policy Committee opted to maintain the Bank Rate at 3.75%, choosing to remain accommodative despite inflation having breached the upper bound of the BoB's medium term objective range of 3-6%.

Headline inflation which began the quarter at 3.2% rose sharply and closed at 8.2% at the end of June, above the Bank of Botswana's (BoB) 3-6% target range. The increase was largely expected given the administered price hikes (Housing Rental, Fuel, Electricity), the increase in Value Added Tax (VAT) from 12 to 14%, the introduction of a Sin Tax on sweetened beverages and upward revisions in various income taxes brackets.

Over the 12 months to March 2021, credit extension grew by 1.76%, with credit extended to households growing by 6.34% whilst credit extension to firms contracted by 6.14% on the back of heightened levels of credit risks brought about by the ongoing pandemic. Of particular concern, credit extension to Mining firms contracted by 41.71%, followed by Manufacturing and Parastatal sectors with contractions of 38.81% and 38.65% respectively.

Secondary market trading activity was muted over the quarter, with all activity clustered around the three government bond auctions and limited to government bonds.

The March Business Expectations Survey (BES) results suggested that the pessimism seen throughout 2020 was expected to persist in the second quarter of 2021. Firms expected cost pressures to rise, mainly reflecting the upward adjustment of VAT and other administered prices and charges. However, on a positive note, the general view of the participants was that their businesses will recover from the impact of COVID-19 within a year from March 2021.

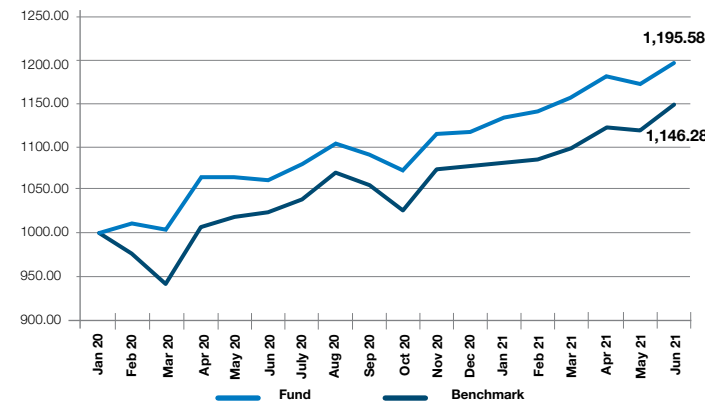
Inflation risk remains on the upside following a further increase in fuel prices post quarter end and the July riots in South Africa. Unrest and riots in South Africa, Botswana's main trading partner is to result in some import inflation as a widespread shortage of goods and resources is expected once the dust settles.

The central bank purports that the current surge in inflation is transient and is expected to revert to within the objective range in the second quarter of 2022. The central bank projects that the local economy will continue to operate below full capacity in the short to medium term and thus will likely not generate any lasting inflationary pressures and thus from their perspective, there is no compelling need for a monetary policy response.

We continue to place emphasis on quality credit exposure in midst of the pandemic. We also place focus on duration in an effort to pick up yield whilst consciously monitoring the liquidity of the fund.

**Total Expenditure Ratio (T.E.R.): 2.58%**

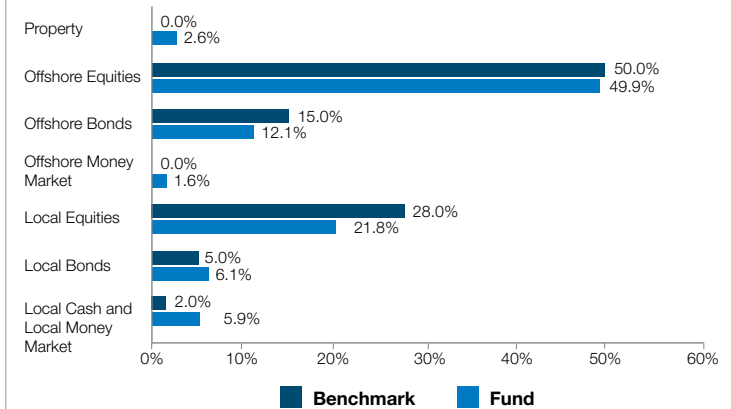
## Cumulative Returns (BWP)



## Start early, achieve your financial goals

No matter your individual financial situation, saving is vital in securing a better future and laying down a solid, secure wealth foundation.

## Asset Allocation



## Quick Facts

### Fund Information

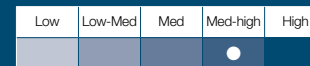
**Portfolio Manager:** Bifm Investments Team  
**Launch Date:** Jan 2020  
**Minimum Investment:** P200 debit order

**Fund Size:** BWP15,207,074.48

### Fees

**Initial Fund Fee:** 0%  
**Annual Management Fee:** 2%  
**Fees are shown excluding VAT**

### Risk Profile



### Income Distribution

**Income Distribution Frequency:** Semi-Annual Jun, Dec

### Contact Details

**Trustees and Custodians**  
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